

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7878

BILL NUMBER: SB 667

DATE PREPARED: Jan 19, 1999

BILL AMENDED:

SUBJECT: Water utility recovery of fire protection costs.

FISCAL ANALYST: Brian Tabor

PHONE NUMBER: 233-9456

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the charges relating to furnishing water for public fire protection purposes to customers located outside the county of the governmental unit responsible for setting the charges for the utility must be set through negotiation between the governmental unit and the county executive of the county in which the customers are located.

The bill also provides that if the governmental unit and the county executive cannot agree on charges within 30 days of beginning negotiation, either the governmental unit or the county executive can petition the Indiana Utility Regulatory Commission (IURC) to set the charges. In addition, it voids ordinances adopted before July 1, 1999, with respect to charges relating to furnishing water for public fire protection purposes to customers located outside the county of the governmental unit responsible for setting the charges.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Under current law, certain governing bodies of local units may adopt a change in the recovery of water costs for fire protection. Only the unit containing the greatest number of customers of the local public water utility may enact this change. If adopted, fire protection fees currently charged to governmental units would instead be divided and assessed to the all of the customers served by the utility. Under this bill, the new consumer charges established by the adopting unit would not necessarily apply to all customers of the utility, but only to those residing in the county where the recovery change was adopted. If residents of another county are served by the same utility, the adopting unit would be required to negotiate with the executive of this county to set separate charges for these customers.

If the adopting unit and the county executive cannot agree on acceptable charges after thirty days, either party may petition the IURC to set the rates. The additional expenses incurred as a result of this proposal would depend on the number of impasses reached by local units, however, it is expected that these costs could be absorbed within the IURC's current budget. The operating expenses of the Commission are funded through

the Public Utility Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill may require additional negotiations between local units where changes in the recovery of fire protection costs affect residents in different counties. The costs to these units associated with this proposal are not expected to be great.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Certain local units.

Information Sources: Indiana Utility Regulatory Commission.